

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
TRADE POLICY STAFF COMMITTEE

CERTAIN STEEL PRODUCTS
INVESTIGATION NO. TA-201-73

EXCLUSION REQUEST
ON BEHALF OF
SUMITOMO METAL INDUSTRIES, LTD.

Robert C. Cassidy, Jr.
John D. Greenwald
Leonard M. Shambon
John-Alex Romano
WILMER, CUTLER & PICKERING
2445 M Street, N.W.
Washington, DC 20037-1420
(202) 663-6000

November 13, 2001

I. INTRODUCTION

On behalf of Sumitomo Metal Industries, Ltd. (“SMT”), we request exclusion of welded cold-drawn tubing for airbag inflators from any import relief ordered by the President in the Section 201 investigation of *Certain Steel Products*. In accordance with the guidelines established by the Office of the United States Trade Representative¹, we submit the following information in support of our request.

II. PRODUCT INFORMATION

A. Commercial Name of Product and HTS Numbers

1. **Commercial Name:** Welded, cold-drawn carbon and/or alloy tubing for airbag inflators.
2. **HTS Classification:** 7306.50.50.30.

B. Physical Description of Product

1. **Chemical and Physical Properties:** C (0.06 Min, 0.13 Max); Si (0.35 Max); Mn (1.80 Min, 2.30 Max); P (0.030 Max); and S (0.010 Max).
2. **Tensile Strength:** [High minimum tensile strength].

C. Basis for Exclusion

1. **Statutory Basis for Exclusion**

The statutory framework governing escape clause investigations requires the President to balance the economic welfare of the country with that of the affected industry in determining appropriate remedial action in response to an affirmative injury finding by the International Trade Commission. Section 203(a) of the Trade Act of 1974 states that, upon receiving the Commission’s report, the President shall take “all appropriate and feasible action within his power which the President determines will facilitate efforts by the domestic industry to make a

¹ See 66 Fed. Reg. 54,321, 54,322-23 (Oct. 26, 2001).

positive adjustment to import competition *and provide greater economic and social benefits than costs.*² Among other things, the President must consider “the short- and long-term economic and social costs of the actions authorized . . . relative to their short- and long-term social benefits and other considerations relative to the position of the domestic industry in the United States economy.”³ The President must also consider “other factors related to the national economic interest of the United States, including, but not limited to . . . the effect of the implementation of actions . . . on consumers and on competition in domestic markets.”⁴ Ultimately, the cumulative impact of any import restrictions imposed may not “exceed the amount necessary to prevent or remedy the serious injury” found.⁵

Where there is no domestic production of a product consumed in the United States and no domestically available substitute, restricting imports of the product will harm domestic consumers without providing any concomitant benefit to the domestic steel industry. Lack of domestic production is therefore a proper ground for excluding a product from import relief.

2. Factual Basis for Exclusion

Welded, cold-drawn carbon tubing for airbag inflators is used to make the gas bottle portion of the automobile airbag inflator. The bottle contains propellants that are ignited upon a vehicular crash, which generates gas that is released in 0.02 seconds to inflate the airbag. Given its life-saving end use, this tubing is manufactured to very stringent metallurgical, physical, and dimensional requirements. It is our understanding that there is no domestic production of welded cold drawn tubing used for airbags.

² 19 U.S.C. § 2253(a)(1) (emphasis added).

³ *Id.* § 2253(a)(2)(E).

⁴ *Id.* § 2253(a)(2)(F)(ii).

⁵ *Id.* § 2253(e)(2).

Sumitomo Pipe and Tube Co., Ltd., a subsidiary of SMI, manufactures this product in Japan. Although SMI's subsidiary did not export this product to the United States during the period of investigation, it anticipates exporting this product to the U.S. over the next four years.

D. Names and Locations of Foreign and Domestic Producers

1. **Foreign Producers:** Sumitomo Pipe and Tube Co., Ltd.
2. **Domestic Producers:** None.

E. Total U.S. Consumption

Actual Consumption

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>Jan-June 2000</u>	<u>Jan-June 2001</u>
Quantity (ST)	0	0	0	0	0	0	0
Value (\$000)	0	0	0	0	0	0	0

Projected Consumption⁶

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Quantity (ST)	0	[241	711	1,198	1,191]
Value (\$000)	0	[389	1,385	1,650	1,953]

⁶ The projected consumption data reported in this public version have been summarized by ranging (+/- 10%). The projection for 2002 is based on [SMI's estimates]. SMI anticipates [DELETED MATERIAL]. Value projections are based on SMI's estimates.

F. Total U.S. Production

To the best of our knowledge, there is no domestic production of welded cold-drawn tubing for airbag inflators.

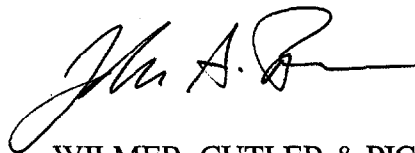
G. U.S. Produced Substitute for Imported Product

To the best of our knowledge, there is no domestic substitute for welded cold-drawn tubing for airbag inflators.

III. CONCLUSION

Because there is no domestic production of welded cold-drawn tubing for airbag inflators, it should be excluded from any import relief ordered by the President in this investigation.

Respectfully submitted,



WILMER, CUTLER & PICKERING

Robert C. Cassidy, Jr.
John D. Greenwald
Leonard M. Shambon
John-Alex Romano

Counsel for Sumitomo Metal Industries, Ltd.